

SPAIN AND PORTUGAL

## INTRODUCTION

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- I. Obvious points in common turbulent period.
- II. Differences -- each doing its own thing.
  - A. Spanish working by consensus  
-- Legacy of civil war
  - B. Spanish right weak  
-- Legacy of Franco
- III. Personalities important too.
  - Suarez vs. Soares: Minority governments. To right ~~vs~~ left.
  - Spanish Eurocommunist Santiago Carrillo contrasts to Conhal
  - Juan Carlos vs. Eanes
- IV. Transformation from Franco to parliamentary democracy still on track.
- V. Achievements Impressive.
  - A. Austere economic program pretty much adhered to.
  - B. Pact to control terrorists.
  - C. Labor unrest contained.
  - D. New constitution drafting progressing. Lower House. October.
  - E. Regional unrest dampened, by promises.
- VI. Economy still needs nursing.
  - Inflation down 10 to 15%. Unemployment 8% and up.
  - Pact renegotiated next year. Labor.
- VII. Military still nervous.
  - Autonomy, breakdown of centrist state.
  - Leftist tendency. PSOE 34% vs. 29% for UDC. Socialists have radicals, anti-US, anti-NATO. But Gonzalez gaining. Soares ~~falling~~ *lagging*.
  - Communists moving steadily to right. Legitimacy. Keeps PSOE in line (contrast w/Portugal where drag to left).
- VIII. Regional Autonomy Hardest Problem.
  - A. Basque Nationalist Party Wavering.
  - B. Terrorists - last ditch.
  - C. Catalonia.
  - D. Will probably solve but close call.

IX. For Policy

- A. EC. Formal negotiations next year. Long process (shoes, textiles, steel), but probably favorable.
- B. NATO. Suarez. Socialists, Military.

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Revised

PRESIDENTIAL BRIEFING:

SPAIN AND PORTUGALIntroduction

- I. Spain and Portugal have obvious points in common: both are feeling their way toward a new democratic structure after decades of dictatorship, and sheer propinquity makes each conscious of events in the other.
  - A. During the turbulent period of leftist governments in Portugal, for example, Spanish rightists worried that Spain might be infected.
  - B. A turn away from democracy in Portugal might have repercussions inside Spain; conversely, continuing stability in Spain might dampen instability in Portugal to a degree.
- II. The dominant impression at the moment, however, is of the differences between the two countries: differences that have their origins in divergent national characteristics and divergent histories. Most of the leaders in both countries seem to be concentrating on the details of domestic politics, and each country is dealing with its own problems in its own way:
  - A. The Spanish, propelled by an urge for consensus that is astonishing in its strength and persistence, are painstakingly working toward a new constitutional structure aimed at taking account of political sentiment across the spectrum.

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- B. Portugal, its populace and even its politicians fatigued by the turmoil of the last four years, is the scene of perennial inter-party squabbles--squabbles that last week led to the collapse of Mario Soares' second government.
- III. In addition to the historic factors, the differences are traceable to the personalities in the two countries:
- In Spain, Prime Minister Suarez, a career civil servant who is a consummate behind-the-scenes negotiator; in Portugal, Mario Soares, who was always a partisan party leader first and a premier second;
  - In Spain, the "Eurocommunist" Santiago Carrillo; in Portugal, the Stalinist Alvaro Cunhal;
  - In Spain, King Juan Carlos, remote but decisive when he feels it necessary; in Portugal, President Eanes, who has yet to decide how active a role to play in everyday politics.
- IV. Moreover, in Spain the civilian right has proved surprisingly weak so far, whereas Portuguese conservatives are both significant and strident.
- V. None of this is to say that Spain has its problems solved and Portugal is headed for ruin. In fact, either could be thrown off course by major problems that remain unaddressed.

Spain

- VI. The transformation from Francoist authoritarianism to parliamentary democracy in Spain is still on track, largely due to the moderation and desire for consensus that has dominated relations among the major parties for almost two years.

- A. Prime Minister Suarez meets regularly with opposition leaders and there are scattered signs of collusion behind the scenes to head off major confrontations.
  - B. This moderation is partly a legacy of the Civil War, which serves as a constant reminder of how quickly polarization can get out of hand.
- VII. The moderation of the major political actors has allowed Suarez to pull off a delicate balancing act to overcome the minority status of his government--he lacks 10 seats in the lower house--and chalk up an impressive list of achievements since the first free parliamentary election one year ago.
- A. All seven parliamentary groups, including the Communists, accepted a moderately austere economic program last fall and, by and large, have adhered to it.
  - B. All but the small rightist Popular Alliance have also signed a similar pact aimed at controlling terrorist violence and keeping the security forces under better government control.
  - C. Regional unrest has been dampened (except in the volatile Basque region) by grants of provisional autonomy and by promises of a more formal devolution of powers under the new constitution.
  - D. Labor unrest has been contained and the first free plant-level elections in forty years were held this spring.
  - E. The draft of a new constitution has just passed the lower house of parliament and will probably be approved by referendum early this fall.

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VIII. Major obstacles to the peaceful consolidation of Spanish democracy still lie ahead:

A. The most immediate of these is the issue of Basque demands for autonomy.

1. The Basque Nationalist Party, which represents the vast majority of the ethnically Basque population of the region, is wavering in its support for the new constitution because it provides only limited autonomy for the region.

- a. The party is increasingly worried that it will lose support to more radical Basque groups if it does not make a show of standing firm against the Madrid government.
- b. Unless the Basque Nationalists support the constitution, it is unlikely to achieve the desired consensus vote in the Basque region, thus casting a cloud over future relations with Madrid.

2. Basque terrorists, meanwhile, are making a last-ditch bid to derail the Madrid government's program of limited autonomy and prevent ratification of the constitution.

- a. Though few in number, the terrorists are well-organized and effective.
- b. They are, moreover, aided and abetted by a larger group of sympathizers who see them as symbols of resistance to control by Madrid.

3. We believe that both the government and the Basque Nationalists realize how high the stakes are and that both are still willing to work for a solution.
  - a. Working out an acceptable compromise on Basque autonomy, however, will take all of Suarez' negotiating skill and a high order of statesmanship from the Basque Nationalists.
    - Suarez would have to calm military fears that the unity of the Spanish state was being undermined.
    - He would also have to be alert to the possibility that further concessions to the Basques would trigger similar demands from Catalonia and other regions.
    - The Basque Nationalists would be risking a significant loss of support to the radicals.
  - b. We think a deal can be worked out--perhaps involving not just the autonomy question but also the issue of the national police, who are a potent symbol and a frequent source of friction in the Basque country.
  - c. It is likely to be a close thing, however.
8. The economy continues to require careful nursing, although the first year of the stabilization program has gone well.
  1. Inflation is down about 10 percentage points from last year to an annual rate of about 15 percent, but unemployment is over 8 percent and continues to rise.

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2. The austerity program will have to be renegotiated early next year and the opposition is likely to be less cooperative this time.
  3. Labor must be talked into a further period of wage restraint, or the whole economic program will be in jeopardy.
- C. The military remains highly sensitive to any breakdown of Franco's centrist state and deeply suspicious of the leftist opposition.
1. The military is nervous about granting extensive autonomy to the regions.
  2. Socialist leaders have voiced some concern that the military may not yet be ready to accept a Socialist government.
  3. So far, however, the vast majority of military leaders remain loyal to the King and willing to acquiesce in his support of the transition to democracy.
- D. Finally, there are major questions about both the major parties-- Suarez' own Union of the Democratic Center (UDC) and the opposition Socialists.
1. Suarez has been unable to turn the disparate elements of the UDC into an effective political organization and could face defeat by the Socialists in the next elections.
    - a. Legislative elections are not due until 1981, although the opposition alleges that once the constitution has been ratified the government will have fulfilled its mandate.
    - b. Municipal elections are long overdue, and the Socialists and Communists are insistent that Francoist holdovers at



the local level are clogging up the democratic progress of the country.

- Suarez is concerned that the two parties of the left, with their stronger grass roots organization, will out-poll the UDC in many if not most major cities.
- If the left dominates the local elections, it may then be able to force legislative elections and its momentum could carry it into power.
- Suarez may therefore opt to call early legislative elections--perhaps as early as late 1978--in hopes that the UDC will have a better chance at this level.
- No decision is likely until after the ratification of the constitution.

2. Under the leadership of Felipe Gonzalez, the Socialists have established the most formidable vote-getting organization in the country. Polls indicate that their popular strength is still growing; it now stands at about 34 percent, compared to 29 percent for the UCD.
  - a. But if the Socialists' electoral appeal is unquestionable, some of the major policies they would follow if they came to office are uncertain.
  - b. Emerging from the clandestinity of the Franco era, the Socialists appeared dedicated to a program of radical reform.
  - c. A strong streak of pragmatism soon appeared, however, and Socialist pronouncements have become more moderate as Gonzalez and his youthful colleagues recognized the need to appeal to voters of the center-left.

- d. The party retains a nucleus of fairly radical rank-and-file members and a strong streak of naivete and emotionalism still pervades the leadership.
    - Among other things, a deep and instinctive distrust of the US appears at many levels of the party.
  - e. For now, the radical proclivities of the Socialists are held in check:
    - by the generally accepted need for consensus--in fact, the Socialists have recently been acting as middlemen between the government and moderate Basques;
    - by the need to appeal to moderate leftists; and
    - by the need to avoid being outflanked to the right by Santiago Carrillo's Communist Party.
3. Carrillo's Communists have moved into the vanguard of the West European parties that profess an adherence to the rules of parliamentary democracy and take an independent view of the Soviet Union.
- a. In their efforts to escape the isolation they have endured since the Spanish Civil War, the Spanish Communists have sought above all to erase the stigma of their subservience to Moscow and to establish their bona fides as a legitimate national party. This will remain Carrillo's overriding goal.
  - b. Although they got less than 10 percent of the vote in the elections last June, they have played a key role in Suarez' experiments at government by consensus.

- c. But Carrillo doubtless believes that the era of consensus will probably end, and he believes his party must get more support before this happens. In practice this means competing with the Socialists--and the UCD too, for that matter--for the moderate leftist vote.
  - d. For this reason Spain was treated this spring to the spectacle of a vigorous and open party debate as Carrillo, using methods smacking strongly of Stalinism, railroaded through a series of reforms designed to enhance the party's appeal with the electorate.
  - e. Carrillo has an obvious interest in keeping the ferment inside the party under control--not least because party discipline is sure to be one of the Communists' main assets in the electoral maneuvering ahead. By and large, he will probably succeed; certainly there is little chance that he himself will soon be displaced.
  - f. But the ferment will persist, and added to the demands of domestic politics it will probably keep pushing the party down the Eurocommunist road.
4. The approval of the new constitution will probably usher in a new phase of more confrontational politics as parties jockey for position in preparation for local or legislative elections. This phase will put to a new and more severe test the moderation of Spain's political leaders and their willingness to place the good of the country ahead of their personal ambitions.

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- It will be clear by this time that democracy is not a panacea and disillusion will probably set in.
- Nostalgia for the prosperity and orderliness of the Franco years may grow among the voters, pushing them toward the right of center.
- Labor, largely quiescent for the past year, may lose patience with the austerity program as unemployment continues to rise. Labor pressure will make the next agreement among the parties on the austerity program more difficult to achieve.

IX. In the foreign policy field, Spain concentrates on four areas: Europe, the US, Latin America, and the Arab world.

A. The free parliamentary election last year removed most political objections by EC and NATO members to Spanish membership.

1. Spain applied last summer for full membership in the EC and, although a great deal of tough negotiating lies ahead, it does seem likely that agreement can eventually be reached.
2. Some EC members, France and Italy in particular, will want safeguards against Spanish agricultural competition; West Germany probably will insist on prolonged restrictions on the mobility of Spanish labor; and various members will have misgivings about Spanish competition in shoes, textiles, and steel.
3. Formal negotiations will probably start early next year and may take two years or so; ratification will require another one or two years, and the EC favors a five to ten year transition period.

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B. It is far from certain that Spain would accept an invitation to join NATO.

- Suarez and King Juan Carlos both favor Spanish membership, and the government has stated this publicly.
- The government must still overcome military reluctance, popular apathy, and opposition from the left and the far right.
- Spanish officials are now talking about initiating a parliamentary debate on NATO early next year, possibly after municipal elections are held.

C. Officials in Madrid emphasize that historic ties make Spain a "natural bridge" between Europe on the one hand and Latin America and the Middle East on the other.

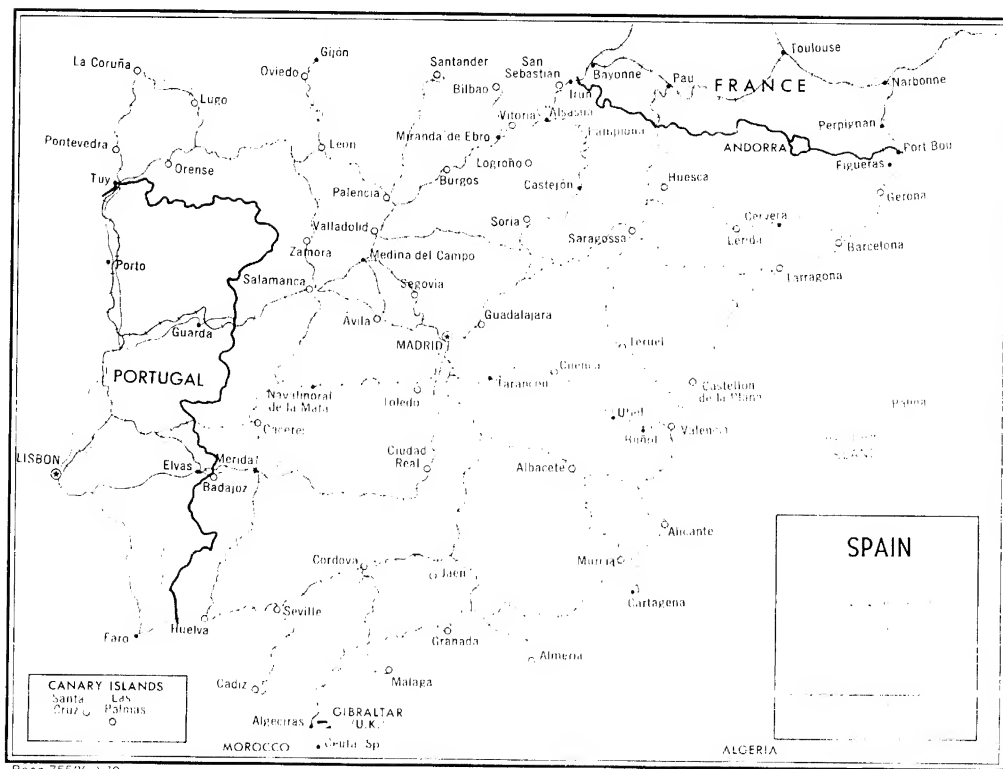
D. Spain's interest in the Middle East, which has always been great, began to grow during the Franco regime, and it has been boosted even more in recent years by the need to offset heavy foreign trade deficits caused by the higher price of oil.

- Moreover, the Spanish military remains preoccupied with Spain's southern flank, and is concerned about the vulnerability of the Canary Islands in the wake of the Spanish withdrawal from the Western Sahara in 1976.
- Algeria has sought to use the Canary Islands as a lever to pry Spain away from the agreement by which administration of the Sahara was turned over to Morocco and Mauritania.
- Algiers supports the terrorist-oriented Canary Islands Independence Movement.

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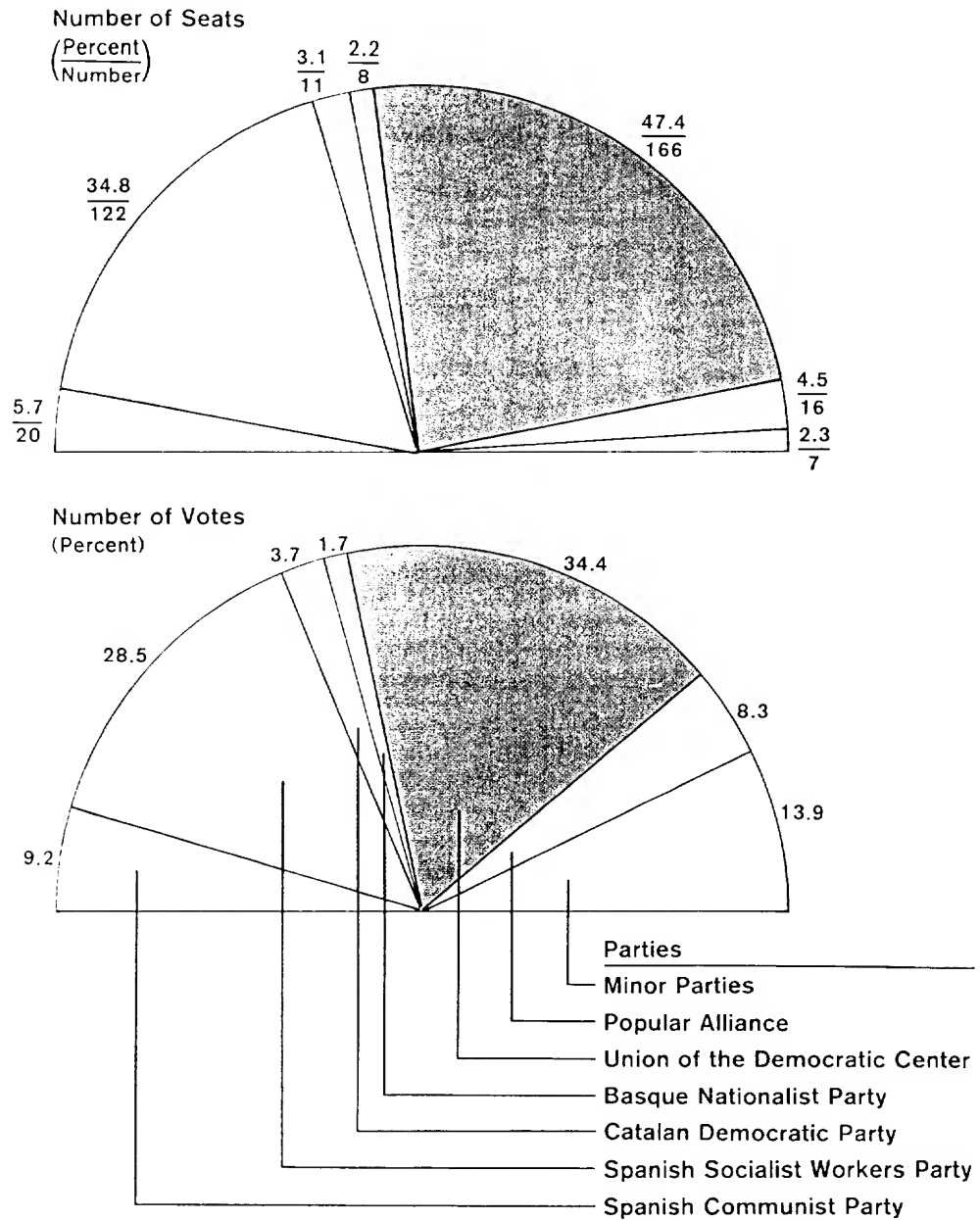
- It urged the OAU to call for the islands' self-determination.
  - Apart from its diplomatic maneuvering to maintain the balance of power on the Sahara issue, Spain's activities in the Arab world are largely economic and financial, although Madrid apparently hopes to expand its political ties there.
  - Toward this end, Spain, for pragmatic reasons, is pro-Arab and has conditioned the establishment of diplomatic relations with Israel on movement toward satisfaction of certain Arab demands--notably recognition of the Palestine right to a homeland and Israeli withdrawal from occupied territories.
2. Historically, Spain has placed heavy emphasis on Latin America, partly because of cultural ties, partly because of a real desire to expand commercial interests there, and partly in hopes of enhancing Spain's role in international affairs.

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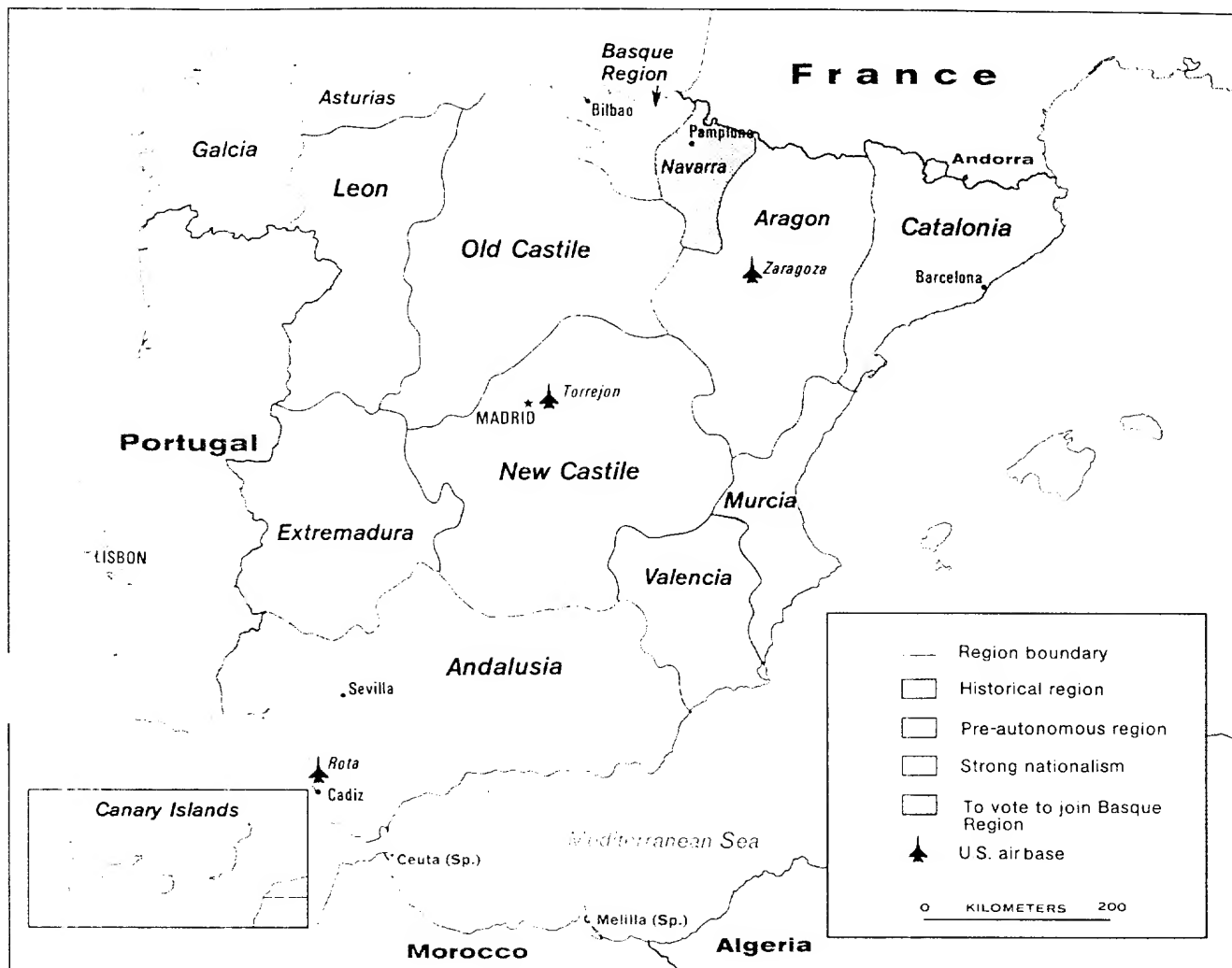
## Spain: The Congress of Deputies



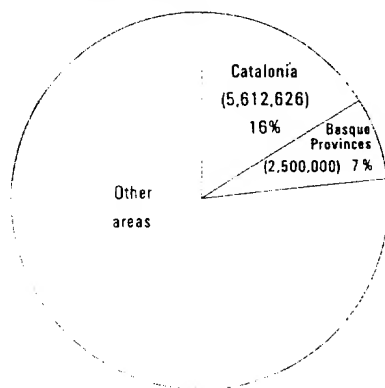
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## Spain: Provinces



**Population Distribution**



**Distribution of Industrial Production**

